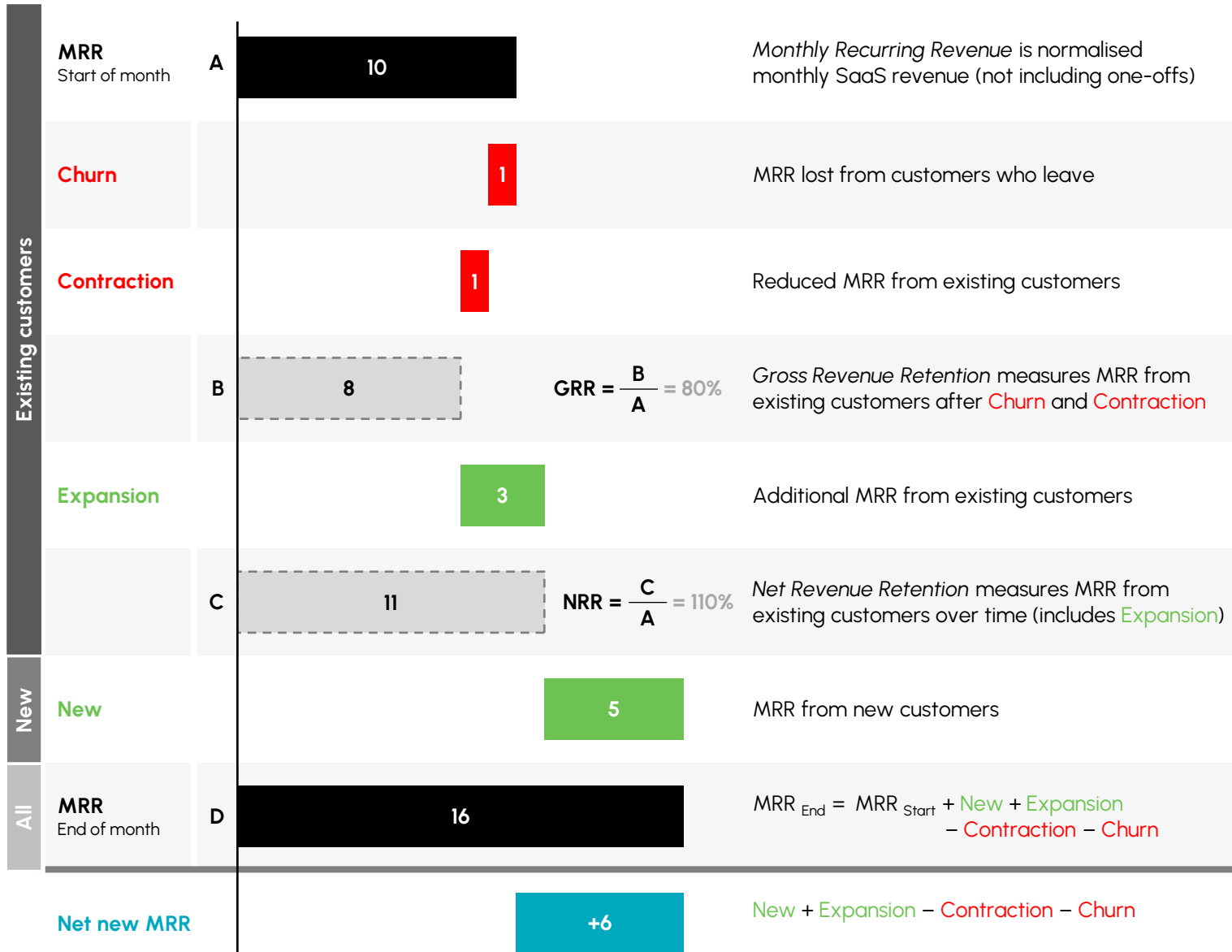


Tech Insights #396

SaaS metrics cheat sheet (2025 edition)



ARR (Annualised Recurring Revenue)
= MRR x 12 = 120

$$Churn\ \% = \frac{Churn}{MRR_{Start\ of\ month}} = 10\%$$

$$Net\ expansion = Expansion - Contraction$$

Monthly cohorts

Cohorts track NRR over time

Month	0	1	2	3	4	5	6
Jan	100%	98%	95%	91%	87%	83%	79%
Feb	100%	99%	97%	94%	91%	90%	88%
Mar	100%	100%	98%	98%	96%	95%	94%
Apr	100%	100%	100%	99%	98%	97%	
May	100%	100%	101%	103%	104%		
Jun	100%	105%	111%	116%			
Jul	100%	105%	109%				
Aug	100%	110%					

Either on a \$ or a logo (customer) basis

$$MRR\ growth = \frac{Net\ new\ MRR}{MRR_{Start\ of\ month}} = 60\%$$

Tech Insights #396

SaaS metrics cheat sheet (2025 edition)

Mergers & acquisitions
Corporate finance advisory
Capital raising

17 November 2025



P&L for a SaaS business

MRR	Monthly Recurring Revenue	Normalised monthly SaaS revenue (not including one-offs)
Other	Other revenue	Revenue not classified as MRR (e.g. services)
Revenue	Total revenue	MRR + Other
CTS	Cost To Serve	Hosting, system maintenance and customer support (including staff)
GP	Gross Profit	Revenue – CTS
GM %	Gross Margin	GP / Revenue
CAC	Customer Acquisition Costs	Sales, marketing, onboarding and discounts
R&D expensed	Research & Development	Product development
G&A	General & Administrative	Everything else (excluding D&A, interest and tax)
EBITDA	Earnings Before Interest, Tax, Depreciation & Amortisation	GP – CAC – R&D expensed – G&A
R&D capitalised	Capitalised R&D	Includes capitalised R&D to show the full engineering cost profile
EBITDA with fully costed R&D	EBITDA with all R&D treated as expensed	EBITDA – capitalised R&D
R&D total	Total spend on R&D	R&D expensed + R&D capitalised

Rule of 40%

A popular metric to assess the performance of a SaaS company, with a target of 40%+

= Revenue growth
+ Free Cash Flow (FCF) margin
Can use EBITDA in place of FCF margin

Rule of X

Adaptation of 'Rule of 40%' that places a greater emphasis on revenue growth

= Revenue growth x multiplier
+ FCF margin

Revenue per employee

Efficiency of labour to generate revenue

= $\frac{\text{Revenue}}{\text{\# of employees}}$

Average Revenue Per User (ARPU)

Monthly average spend per customer

= $\frac{\text{MRR}}{\text{Total customers}}$

SaaS Quick Ratio (QR)

A measure of growth efficiency

= $\frac{\text{New} + \text{Expansion}}{\text{Churn} + \text{Contraction}}$

Lifetime Value (LTV)

Estimated value of the average customer over their lifetime

= $\frac{\text{ARPU} \times \text{GM \%}}{\text{Churn \%}}$

Used capital ratio

How efficiently capital generates ARR

= $\frac{\text{ARR}}{\text{Capital raised} + \text{debt} - \text{cash}}$

Payback period (CAC months)

of months to recover customer acquisition costs

= $\frac{\text{CAC}}{\text{New MRR} \times \text{GM \%}}$

CAC ratio

\$ of annual revenue generated for every \$ of CAC spent

= $\frac{\text{New MRR} \times 12}{\text{CAC}}$

Cash burn %

Measures cash burn relative to MRR

= $\frac{\text{Monthly cash burn}}{\text{MRR}}$

Cash runway

Months left before running out of cash

= $\frac{\text{Cash balance}}{\text{Monthly cash burn}}$